

DEPARTMENT OF STATE REVENUE

LETTER OF FINDINGS NUMBER: 01-0272P

**Withholding Tax
Month Ending 02/29/00**

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ISSUE(S)

I. Tax Administration – Penalty

Authority: IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

STATEMENT OF FACTS

Taxpayer was assessed a late filing penalty for the month of February 2000. In a letter dated September 27, 2001, taxpayer's payroll processing center requests the department waive the penalty assessed against it and has submitted copies of three letters previously sent to the Collection Division. The Department denied the taxpayer a penalty waiver in letters dated April 3, 2001 and August 13, 2001.

Taxpayer's payroll processor states there was a software problem that caused a corruption in its tax liability files for the period in question and requests a penalty waiver because it has not had a problem with remitting the tax previously. In a letter dated August 1, 2000, taxpayer amended its reason for the late payment and stated that its systems incorrectly calculated the due date as the end of the month rather than the 20th and it has corrected the problem.

I. Tax Administration – Penalty

DISCUSSION

Taxpayer failed to timely remit withholding tax for the month of February 2000 and states there was a corruption in its tax liability files in its software.

Taxpayer has a payroll processing company that prepares its returns. The agent should assure that all payments are timely and to assure that no payments are late, it should have procedures in

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place that would eliminate late payments.

Taxpayer's failure to remit the tax timely was not the result of reasonable cause. Taxpayer has a payroll processing center that should have procedures in place to assure that payments are timely made.

FINDING

Taxpayer's protest is denied.

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